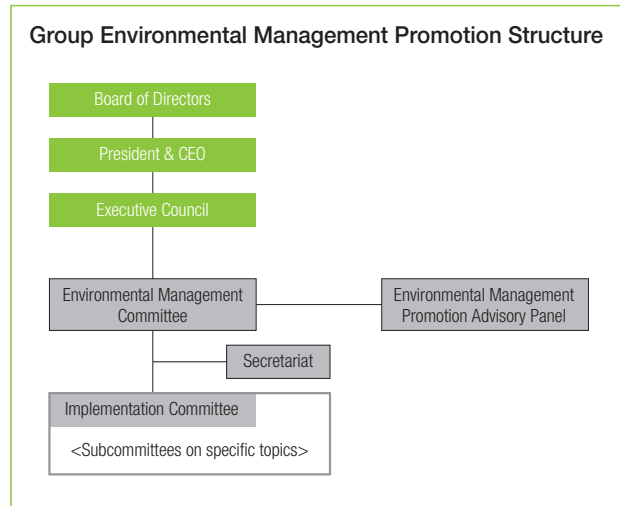


Environmental Management Promotion

Recognizing that its mission is to pass on future generations a healthy world in which all living organisms are nurtured, the Kobe Steel Group has formulated a Basic Environmental Management Policy and six principal initiatives. The Group is promoting environmental management in every facet of its business. The Environmental Management Committee was established as a body for studying and recommending these initiatives with the goal of creating an environmentally advanced business enterprise in which all Group employees participate in environmental management.



Basic Environmental Management Policy

Aiming to remain an advanced environmental business enterprise, the Kobe Steel Group shall fulfill its corporate social responsibilities, improve its environmental capabilities and raise its corporate value by putting the following three principles into practice:

- ① Reducing the environmental impact from production
- ② Contributing to efforts to reduce environmental impact through environment-friendly products, technologies and services
- ③ Maintaining a relationship of trust and collaboration with society at large

Further Enhancing Enterprise Value through Groupwide Environmental Management

—Improving the Group's Environmental Capabilities—

Six Principal Initiatives

- 1 Manufacturing that takes every aspect of the environment into consideration
 - Measures to prevent global warming
 - Promoting recycling
 - Proper control of chemical substances
 - Reducing the environmental impact
- 2 Contributing to the environment through products, technologies and services
- 3 Disclosure of environment information
- 4 Cooperation with local communities
- 5 Full employee participation
- 6 Thorough risk management

Kobe Steel Group will continue to steadily promote environmental management.

Hiroya Kawasaki
 Chairman of the Environmental Management Committee (Senior Managing Director)

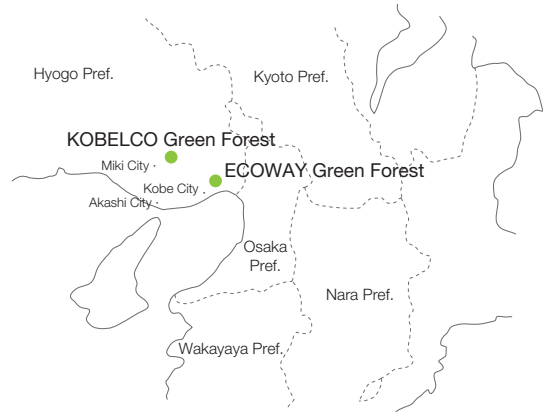
Under its basic environmental policy of further raising corporate value through the practice of environmental management, the Kobe Steel Group has carried out environmentally friendly production activities, contributed to the environment through its products, technologies, and services, and maintained harmonious relations with society.

As a member of society, Kobe Steel will continue to raise its corporate value while promoting environmental management and actively participating in local environmental activities.



Kobelco Environment Creation Fund

Recognizing that its mission is to pass on to future generations a healthy world in which all living organisms are nurtured, the Kobe Steel Group has formulated a Basic Environmental Management Policy and six principal initiatives. The Group is promoting environmental management in every facet of its business. The Environmental Management Committee was established as a body for studying and recommending these initiatives with the goal of creating an environmentally advanced business enterprise in which all Group employees participate in environmental management.



Forest Conservation Activities

KOBELCO Green Forest

We started our forest conservation activities with KOBELCO Green Forest, a managed woodlands of approximately two hectares within Greenpia Miki (a resort hotel area). The rain that showers down on the forest is caressed by the trees and then flows to the river. We must maintain a deep appreciation for the trees that nurture the precious water that is essential to steelmaking. We are turning these thoughts into reality.

The Federation of Kobe Steel Workers Unions working hand-in-hand with the Kobe Steel Group is primarily engaged in these environmental activities. To revitalize forests, we began the slow but steady task of undergrowth trimming, periodic thinning and cutting. Embracing and caring for nature is good for the mind and spirit. This is what we believe and we will work hard to achieve it.

* This is being implemented based on Hyogo's New Forest Project promoted by Hyogo Prefecture.

ECOWAY Green Forest

The area around Rokkosan Aburakobushi (elevation: 625.5 meters), which watches over Kobe City, where the Kobe Steel Group was founded, is named ECOWAY Green Forest and is the area where the Group started its forest conservation activities. At one time, Rokkosan was a bald mountain and its future was in jeopardy, but now its diverse vegetation has been restored.

We will continue to watch over and stay involved with activities related to this mountain and forest as we want the precious natural environment of Rokkosan to remain healthy. With that in mind, we will continue activities to maintain biodiversity.

* This is being implemented as a part of the Rokko Mountains Green Belt Development Project of the Ministry of Land, Infrastructure, Transport and Tourism's Rokko Sabo Office.

* ECOWAY is a symbol of the Kobe Steel Group.



Forest conservation activities kickoff (November 2011)



Forest opening (November 2011)



Forest conservation work kickoff (April 2012)



Forest opening (April 2012)